

# Press Release

## For immediate release

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South African Institute of Race Relations

*The power of ideas*

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### **South Africa, State of the Nation in 2018: Prognosis for Reform**

“South Africa, State of the Nation in 2018: Prognosis for Reform”, the latest report from the Centre for Risk Analysis at the IRR, is a timely analysis of the fundamental steps that will be needed to convert the country’s newfound optimism at the ascendancy of Cyril Ramaphosa into the substantive and measurable gains South Africa so desperately needs.

Written by scenario planner and IRR chief executive Frans Cronje, this comprehensive assessment of the challenges facing the government acknowledges that the country has an opportunity to realise conditions “in which a reformed ruling party will introduce reforms to restore the rule of law and position South Africa as a competitive investment destination”.

Carried through, this would herald a rise in the economic growth rate, a reduction in joblessness and a resumption of the socio-economic gains of the first years of democracy.

But Cronje cautions that if South Africa’s ever-increasing demands born of post-1994 successes are not met, “the ruling party may soon find itself in the same trouble it was in just a few weeks ago – and for the same reasons”.

Cronje writes: “Observers must watch the right markers in order to determine whether South Africa is now on a reformist trajectory. One set of markers relates to the rule of law, corruption and accountable government. These are getting the bulk of analyst attention. But the second set are even more important and relate to policy reform in areas of empowerment, the labour market, property rights, and education.”

The report notes that the initial post-1994 economic recovery, “born of equal measures of good fortune and some sensible policy, made possible a far greater improvement in living standards than is commonly understood”.

That trajectory was “broken” in the aftermath of the 2007 Polokwane conference and later global financial crisis.

“Public frustration (measured in polling and voting data) born of now unmet expectations frightened ruling party politicians who tried to counter the trend with equal measures of ideological dogma and populist policy. The ensuing weak economic performance triggered a significant loss of confidence in the ruling party which in turn triggered deepening populism – and hence the slow turning of a dangerous negative spiral was set in motion. This is essentially where South Africa came to stand in November of last year.”

Whether the political realignment within the ruling party late last year “will be sufficient to break out of the spiral via an economic recovery sufficient to meet popular expectations” would depend on the actions and choices of the ruling party in the months ahead.

The report argues that it is too early to say with any confidence whether what has happened over the past six weeks indicates that the ANC might reform to survive, and set the country on a path to growth and stability.

Says Cronje: “Whether that will be the case hinges on how the new administration addresses two fundamental questions:

- “The first is the restoration of the rule of law. It is a month into the year, and the signs so far are promising. But the test will be to see if these early actions translate into a raft of successful prosecutions – an important catharsis and marker that the paradigm has indeed shifted.

- “The second is economic policy reform and, here, the obstacles are very great. There are three that must specifically be overcome and that are each so important that failure in any one of them will see the reformation stall – even if Mr Ramaphosa manages to take confident control of his party, deals effectively with corruption and malfeasance, and re-establishes the rule of law.”

*The IRR has noted Parliament’s postponement of the 2018 SONA address, but decided not to delay publication of “South Africa, State of the Nation in 2018: Prognosis for Reform”.*

**Ends.**